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ABSTRACT

This paper analyzes the impact of bill S-9300/A-11991 which amends the New York State Education Aid Formula for the 1976-1977 academic year. Under this amendment, New York City will receive a $26 million increase, and the state of New York will receive a $64 million increase in education aid. This report examines the bill, and reports on the prospects for the New York City public schools under the bill. The detailed analysis of the report reveals that: (1) New York City will receive $49 million in 1976-1977 aid generated by pupils in occupational education programs and pupils with severely handicapping conditions, an increase of $2 million, (2) New York City will receive $99 million in 1976-1977 transportation aid, an increase of $17 million due to rising cost, (3) New York City will receive $39 million in 1976-1977 building aid, a $3 million increase and (4) unfair and discriminatory provisions in the operating aid formula will prevent New York City from receiving $21 million. Graphs, tables and comparative data are included. (Author/AM)

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THE IMPACT ON NEW YORK CITY'S PUBLIC SCHOOLS OF THE 1976-1977 STATE EDUCATION AID FORMULA AMENDMENTS

WORKING NOTE NO. 5

APRIL 13, 1976

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

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EDUCATIONAL POLICY DEVELOPMENT UNIT

BERNARD R. GIFFORD, DEPUTY CHANCELLOR

APR 4 1977

PREFACE

This Working Note is the third in a series on the New York State education aid formula.* The Note analyzes the impact of bill S-9300/A-11991, which amended the formula for the 1976-1977 school year. This bill is identical to bill S-8771/A-11260, which was vetoed by Governor Carey. We are issuing this Note now in response to numerous requests for an analysis of New York City's State education aid for 1976-1977. The data in this analysis are from estimated claims filed with the State Department of Education. The claim for 1975-1976 was filed in August 1975; the estimated data for 1976-1977 were prepared in November 1975 and revised in February 1976.

This working Note was preapred by Dr. Ronald K.H. Choy, Dr. Bernard R. Gifford, Dr. Richard Guttenberg, member of the Educational Policy Development Unit. Bertha Leviton, Director of School Financial Aid, and her staff provided invaluable assistance. Charts were prepared by Jacqueline Wong Posner. The text and tables were typed by Madeline Romero and Carol Young.

BERNARD R. GIFFORD
Deputy Chancellor

*R.K.H. Choy, B.R. Gifford, R.J. Rudolf, L.S. Marriner, "An Analysis and Critique of the 1974-1975 New York State Education Aid Formula," Working Note No. 3, Office of the Deputy Chancellor, Educational Policy Development Unit, New York City Board of Education, April 4, 1975. R.K.H. Choy, B.R. Gifford, R. Guttenberg, "An Analysis and Critique of the Governor's Proposals for Changing The 1976-1977 State Education Aid Formula and Their Impact on New York City's Public Schools," Working Note No. 4, Office of the Deputy Chancellor, Educational Policy Development Unit, New York City Board of Education, March 16, 1976.

SUMMARY

The following highlights of New York City's state education aid are selected from this report. Page numbers are included for quick reference to the explanations and computations behind the bare numbers.

TOTAL AID

- Statewide, $3,009 million will be allocated during the 1976-1977 school year by the state aid formulas for operating aid (including growth, high tax and budget aids), special services and BOCES aid, transportation aid, and building aid (p. 1-2).

- New York City will receive $795 million, a $26 million increase over this year's amount (p. 5-6).

OPERATING AID

- New York City will receive $609 million in 1976-1977 save-harmless operating aid (p. 16-18).

- The save-harmless formula seriously undermine the intent of the operating aid formula since almost every district in the State is being saved-harmless and cannot receive less aid next year (p. 19-20).

- The extra weight for "normal" secondary pupils similiarly undermines the intent of State policy to provide extra aid to pupils with special educational needs (p. 21-22).

- If both of these unfair, temporary provisions were eliminated and the $470 million presently consumed by them were ploughed back into the operating aid formula in the form of a higher foundation amount, the State would have a fairer allocation of education aid among its 705 local school districts, and New York City would receive $21 million more aid (p. 23-25).

SPECIAL SERVICES AID

- New York City will receive $49 million in 1976-1977 aid generated by pupils in occupational education programs and pupils with severely handicapping conditions, an increase of $2 million (p. 28).

- The amendments introduce a save-harmless formula for the first time. This adds $2 million to the City's aid (p. 29).

- Unlike its operating aid, the City is not permitted to compute its special services aid on a borough basis. This unfair prohibition costs the City $9 million in lost aid and denies occupational education pupils the full amount of their intended state aid (p. 30-32).

TRANSPORTATION AID

- New York City will receive $99 million in 1976-1977 transportation aid, an increase of $17 million due to rising cost (p. 33-34).

- The amendments have no impact on transportation aid.

BUILDING AID

- New York City will receive $39 million in 1976-1977 building aid, a $3 million increase (p. 36).

- The amendments have no impact on building aid.

- Unlike its operating aid, the City is not permitted to compute its building aid on borough basis. This unfair prohibition costs the City $20 million in lost aid (p. 37-39).

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CHAPTER I
THE 1976-1977 STATE AID FOR NEW YORK CITY

The New York State Legislature has passed a bill (S-9300/A-11991) amending the state education aid formula to provide a miniscule increase in state aid for the 1976-1977 school year. This bill is identical to an earlier one that the Governor vetoed:

	STATE AID UNDER THE AMMENDED LAW* (000,000)		
	1975-1976	1976-1977	CHANGE
New York City	$ 769	$ 795	$26
Rest of State	$2,176	$2,214	38
STATEWIDE	$2,945	$3,009	$64

While New York City will receive a very modest $26 million increase, it is nevertheless significant considering the fact that the statewide increase is to be $64 million. This report examines the hard reality of the bill and reports accurately, though reluctantly, the not so cheerful prospect for New York City public schools.

I. A FIRST LESSON IN STATE AID JARGON

Before plunging into an analysis of New York City's state aid, a few technical terms have to be introduced and explained. We start with the types of aid discussed in this report.

*State aid amounts specified in this table refer to the aid arrived at by adding up the following categories: operating aid (including growth, high tax and budget aid), special services/BOCES aid, transportation aid, and building aid.

Source: State Division of the Budget, March 23, 1976.

There are four major kinds of state education aid allocated by formula. The table below shows the allocation of each major type to New York City and the rest of the state.

	1976-1977 SCHOOL YEAR					
	NEW YORK CITY		REST OF STATE*		STATEWIDE*	
OPERATING AID	AID (000,000)	PERCENT OF STATE	AID (000,000)	PERCENT OF STATE	AID (000,000)	PERCENT OF STATE
Operating (Including Growth, High Tax and Budget)	$609.2	26.1%	$1,722.3	73.9%	$2,331.5	100.0%
Special Services/BOCES	$ 47.0	23.7%	$ 151.5	76.3%	$ 198.5	100.0%
Transporation	$ 99.0	39.4%	$ 152.3	60.6%	$ 251.3	100.0%
Building	$ 39.3	17.3%	$ 188.2	82.7%	$ 227.5	100.0%
TOTAL	$794.5	26.4%	$2,214.3	73.6%	$3,008.8	100.0%

- Operating expense aid is the biggest amount and is determined by one of the following five formulas:

  - Operating aid formula (there are really three formulas) that is supposed to recognize a district's wealth, the number of pupils it has, and the educational needs of its pupils.

  - Save-harmless formula (there are four formulas) that guarantees a district's operating aid cannot decline.

  - Growth aid formula for districts with growing enrollments.

  - High tax aid formula for relatively "poor" districts with high tax rates.

  - Budget aid formula for districts with low per pupil expenditures.

  Operating aid is generated by day, summer and evening school pupils weighted for special educational needs and non-severely handicapping conditions.

*Source: State Division of the Budget, March 23, 1976.

- Special services/BOCES aid is generated by pupils in approved occupational education programs and pupils with severely handicapping conditions. There are two sets of formulas each of which has two formulas:

  - Special services aid is for the Big 5 (New York, Buffalo, Rochester, Syracuse, Yonkers) and is generated seperately by grades 10-12 pupils enrolled in approved occupational education programs and by pupils with severely handicapping conditions.

  - BOCES aid is for all the school districts who have joined together in boards of cooperative educational services. They have a choice between a millage formula and an aid ratio formula.

- Transportation aid is based on approved transportation expenses for handicapped pupils and all pupils living beyond specified distances from school.

- Building aid is based on approved debt service and capital expenditures for modernizing and altering buildings.

These four kinds of aid are known as "net support," they are general aid. There are numerous other kinds of state aid -- lunch program, textbook, special reading program, special grants, etc. -- but these are not analyzed here.

2. IMPACT OF THE 1976-1977 AMENDMENTS

The 1976-1977 amendments add $32 million to the total state aid the unamended law would have allocated:*

*There is also an amendment continuing the $5 million of aid for the special reading program in New York City. This amount is technically not formula aid, and is not included in this analysis.

- The extra secondary weight for grades 7-12 pupils without special educational needs is continued in the formula operating aid for another year. This provision diverts $130 million to the formula operating aid, but does not increase the total operating aid since the save-harmless aid merely goes down by an equal amount.

- Save-harmless operating aid computed on a "total" basis is continued for another year. This provision adds about $18 million to the operating expense aid.*

- High tax aid is continued for another year, which adds $11 million to the operating expense aid.

- Save-harmless special services aid computed on a per pupil basis is permitted for the first time. This provision adds $3 million to the special services aid for the Big 5 (New York, Buffalo, Rochester, Syracuse, Yonkers).

- The formulas for transportation, building and BOCES aid remain unchanged.

Of the statewide total $32 million increase, New York City will receive $8 million:

- $6 million from the total save-harmless operating aid.

- $2 million from the per pupil save-harmless special services aid.

Under the unamended current law, in 1976-1977 the city would have received $18 million over the 1975-1976 amount. Adding the $8 million from the amendments gives the city a $26 million increase in state aid.

*This is a ball-park estimate. The State Division of the Budget has not yet issued a firm estimate of this additional cost.

While it is gratifying to know that state support for New York City's public schools will increase, the analysis in this report shows how the state aid formulas not so subtly discriminate against the City resulting in a loss of $50 million in aid:

- $21 million in operating expense aid because of the extra-secondary weight and save-harmless.
- $9 million in special services aid because a borough basis computation is not allowed.
- $20 million in building aid because a borough basis computation is not allowed.

This loss could be eliminated by superficial changes of a basically bad formula. If fundamental reforms were instituted, New York City's aid would increase by several hundred millions of dollars. This report analyzes the superficial changes; the fundamental reforms were presented in an earlier report* and will be extensively analyzed and supported in a later report.

3. NEW YORK CITY'S 1976-1977 AID

The following table presents a complete summary of New York City's state education aid. Each type of aid is shown for 1975-1976 and 1976-1977. The 1976-1977 aid is broken down into the part due to the unamended current law and the part due to the amendments (S-9300/A-11991).

*R.K.H. Choy, B.R. Gifford, R.J. Rudolf, L.S. Marriner, "An Analysis and Critique of the 1974-1975 New York State Education Aid Formula," Working Note No. 3, Office of the Deputy Chancellor, Educational Policy Development Unit, New York City Board of Education, April 4, 1975.

NEW YORK CITY STATE EDUCATION AID

(MILLIONS OF DOLLARS)

TYPE OF AID	1975-1976 AID	1976-1977 AID				NET CHANGE: 1975-1976 TO AMENDED 1976-1977
		UNAMENDED LAW	CHANGE FROM 1975-1976	AMENDED LAW	CHANGE DUE TO AMENDMENTS	
OPERATING AID						
PURE FORMULA						
All Day School Pupils	$468.0	$435.5	$- 32.5	$435.5	$ 0	$- 32.5
Pupils With Special Educational Needs	59.5	55.1	- 4.4	55.1	0	- 4.4
Pupils With Non-Severely Handicapping Conditions	10.6	10.6	- 0.01	10.6	0	- 0.01
Extra Secondary Weight	23.2	--	- 23.2	22.0	22.0	- 1.2
Summer Session	2.0	0.4	- 1.6	0.4	0	- 1.6
Evening Session	1.5	0.7	- 0.8	0.7	0	- 0.8
Growth Aid	0.2	0.2	-0.005	0.2	0	-0.005
TOTAL PURE FORMULA	$565.0	$502.5	$- 62.5	$524.5	$ 22.0	$- 40.5
SAVE-HARMLESS	43.8	101.4	57.6	84.7	-16.7	40.9
TOTAL OPERATING	$608.8	$603.9	$- 4.9	$609.2	$ 5.3	$ 0.4
SPECIAL SERVICES AID						
PURE FORMULA	$ 42.7	$ 44.8	$ 2.1	$ 44.8	$ 0	$ 2.1
SAVE-HARMLESS	--	--	--	2.2	2.2	2.2
TOTAL SPECIAL SERVICES	$ 42.7	$ 44.8	$ 2.1	$ 47.0	$ 2.2	$ 4.3
TRANSPORTATION AID	81.6	99.0	17.4	99.0	0	17.4
BUILDING AID	35.6	39.3	3.7	39.3	0	3.7
TOTAL AID	$768.7	$787.0	$ 18.3	$794.5	$ 7.5	$ 25.8

CHATPER II
OPERATING AID

Operating aid accounts for three-fourths of the total state aid allocated by formula to local school districts. The operating aid formula is one of the most important tools the State uses to implement educational policy in local school districts.

The first section of this chapter briefly explains the present operating aid formula, which has been in effect since the 1974-1975 school year. The aid for New York City is worked out in the next two sections, and the formula is analyzed in the final section.

1. THE OPERATING AID FORMULA

The formula for operating aid has been in effect since 1974-1975 and is described in detail in an earlier report.* This section will briefly explain the formula.

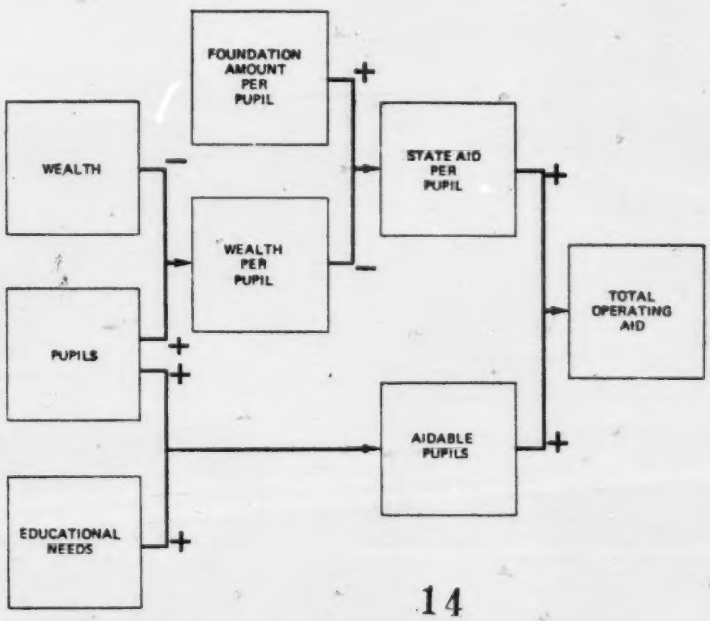
The operating aid formula is the type known as the foundation plan. State aid per pupil is based on a foundation amount that the State establishes as the requirement for a minimum educational program; thus the term foundation. In practice, the foundation amount is the maximum possible state aid per pupil, and in this sense is an aid ceiling.

*R.K.H. Choy, B.R. Gifford, R.J. Rudolf, L.S. Marriner, "An Analysis and Critique of the 1974-1975 New York State Education Aid Formula," Working Note No. 3, Office of the Deputy Chancellor, Educational Policy Development Unit, New York City Board of Education, April 4, 1975.

The State requires every local school district to share in supporting the minimum educational programs, and its local contribution is in proportion to its wealth per pupil. The richer a district is, the larger is its contribution toward the foundarion amount and the less is its state aid. In this way, the formula attempts to equalize for differences in wealth per pupil among districts. If a district wishes to spend more than the foundation amount, it must bear the entire extra cost.

Because there is a tremendous range in wealth (the "richest" district has over 25 times the wealth of the "poorest"), in theory, extremely rich districts could receive no aid because their local contribution would be bigger than the foundation amount. In practice, the State guarantees every school district a minimum amount of aid per pupil no matter how wealthy it is. This flat grant is consistent with the State discharging its responsibility "for the maintenance and support of a system of free common school, wherein all the children of the state may be educated" (Article XI, Section 1, of the State Constitution).

The major steps in computing a district's state aid are outlined below:



In words and symbols, the operating aid formula can be stated as follows:

LOCAL CONTRIBUTION AMOUNT	=	LOCAL CONTRIBUTION RATE	X	FULL VALUE PER RESIDENT WADA
STATE AID PER PUPIL	=	FOUNDATION AMOUNT	-	LOCAL CONTRIBUTION AMOUNT
TOTAL STATE AID	=	STATE AID PER PUPIL	X	TOTAL AIDABLE PUPIL UNITS

Full value per resident WADA (weighted average daily attendance) is the measure of a district's wealth used by the formula. It is equal to a district's full valuation of real property taxable for school purposes divided by the WADA of all public school pupils living in the district.

WADA is obtained by weighting the average daily attendance (ADA) of the following pupils:

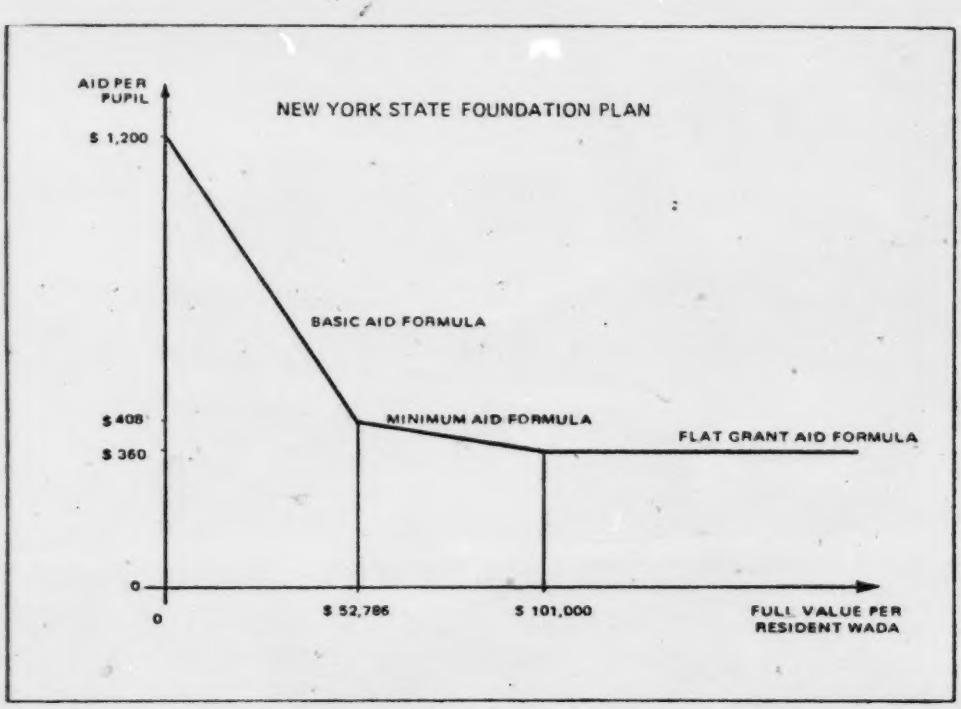
- Half-day kindergarten weighted 0.5.
- Full-day kindergarten and grades 1-6 weighted 1.0.
- Grades 7-12 weighted 1.25.

Translating theory into practice, the foundation amount is equal to $1,200, and the local contribution rate is 0.015 (equivalent to a tax rate of 15 mills, or $15 per $1,000 of full valuation).

$$\text{STATE AID PER PUPIL} = \$1{,}200 - 0.015 \times \text{FULL VALUE PER RESIDENT WADA}$$

We call this the basic aid formula.

In pictures, the state aid per pupil formula looks like the following graph:



For districts with full value per resident WADA greater than $101,000 aid per pupil is equal to the flat grant amount of $360, which is 30%* of the $1,200 foundation amount. For districts with full value between $52,786 and $101,000, the flat grant aid per pupil is increased according to the following minimum aid formula:

$$\text{STATE AID PER PUPIL} = \$360 + [0.001 \times (\$101{,}000 - \text{FULL VALUE PER RESIDENT WADA})]$$

*In the old Diefendorf aid ratio operating aid formula, the flat grant equivalent was 36%. At 36%, the current formula's flat grant amount would be $432.

Given a school district's full value per resident WADA, its aid per pupil can be computed by selecting the appropriate formula. For example:

- A school district with full value per resident WADA of $25,000 would have an aid per pupil of $825.

  $825 = $1,200 - (0.015 X $25,000)

  = $1,200 - $375

- A full value per resident WADA of $60,000 would generate an aid per pupil of $401:

  $401 = $360 + [0.001 X ($101,000 - $60,000)]

  = $360 + $41

- A full value per resident WADA of $150,000 would generate the flat grant amount, $360 per pupil.

After determining a districts' aid per pupil, its total aidable pupil units (TAPU) must be computed. TAPU has six major components, each weighted according to relative educational needs:

- The adjusted average daily attendance (ADA) includes the ADA of all day school pupils. The ADA of pupils in half-day kindergarten is weighted 0.50, and the ADA of pupils in full-day kindergarten and grades 1-12 is weighted 1.00. Pupils in occupational education programs and pupils with non-severely handicapping conditions are included. Pupils with severely handicapping conditions are excluded because they generate aid from a separate special services aid formula, which is explained in Chapter 3.

- The ADA of pupils with special educational needs (PSEN) is weighted an additional 0.25. These are pupils who scored below minimum competence (below level 4, or below the fourth stanine) on the statewide Pupil Evaluation Program (PEP) tests.

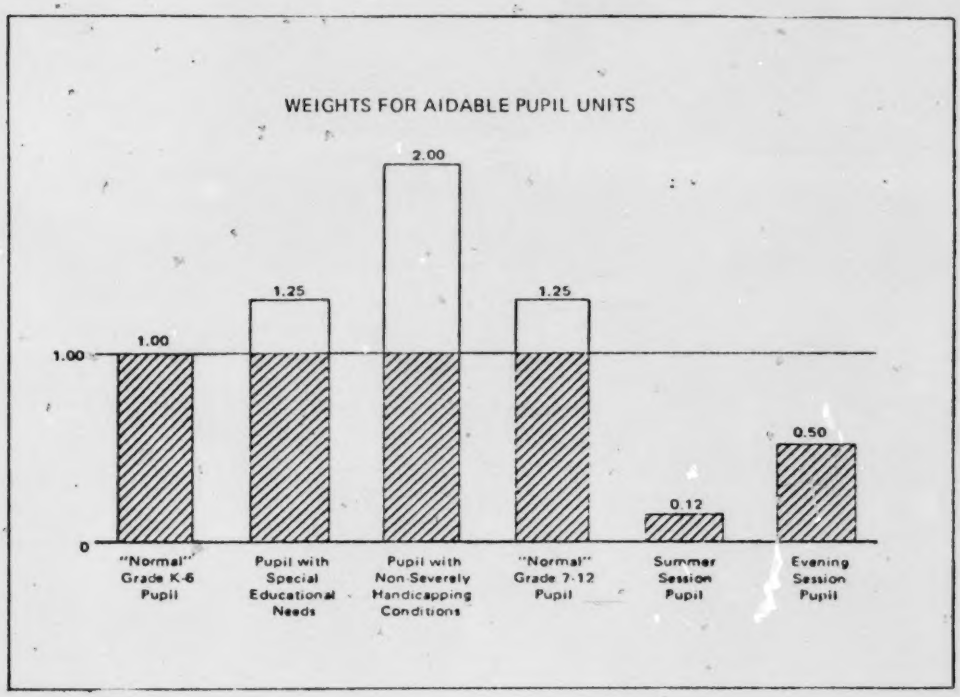
- The ADA of pupils with non-severely handicapped conditions is weighted an additional 1.00.

- Pupils in grades 7-12 receiving no additional weight for special educational needs or non-severely handicapping conditions are weighted an extra 0.25. Pupils in occupational education programs are also excluded from this extra weight because they generate additional aid from a separate special services aid formula.

- The summer session ADA is weighted 0.12.

- The evening session ADA is weighted 0.50.

The following chart illustrates the weights for each type of pupil.



A school district's total state aid is equal to its aid per pupil multiplied by its TAPU. To continue the first example of a district with an aid per pupil of $825, a TAPU of 1,000 would generate $825,000 in state aid.

$$\$825{,}000 = \$825 \times 1{,}000 \text{ AIDABLE PUPIL UNITS}$$

This completes our brief explanation of the operating aid formula in its purest form. In the real world, several adjustments are permitted if specified conditions are satisfied. As we work out New York City's state aid in the next sections of this chapter, save-harmless and growth aid are briefly explained. Budget and high tax aid are not discussed because New York City is not eligible for them.

2. NEW YORK CITY'S 1975-1976 AID

State aid allocated by formula is generated by six sets of pupils:

- All pupils in day school.
- Pupils with special educational needs (PSEN) who score below the minimum competence level on the State's Pupil Evaluation Program (PEP) tests.
- Pupils with non-severely handicapping conditions.
- Extra weighting for secondary pupils without special educational needs. This is a one year provision.
- Summer session pupils.
- Evening session pupils.

Districts with growing enrollments are allocated growth aid to compensate for the logistical necessity of using "last" year's enrollment data to compute "this" year's aid.

In 1975-1976, aid per pupil is determined by each borough's 1973-1974 full value per resident weighted average daily attendance (WADA). The total formula operating aid is equal to the aid per pupil multiplied by the total aidable pupil units (TAPU). For 1975-1976, the formula generated $565.0 million in operating aid to New York City.

	1973-1974 FULL VALUE PER RESIDENT WADA	1975-1976 FORMULA AID PER PUPIL	1974-1975 TOTAL AIDABLE PUPIL UNITS (TAPU)	1975-1976 FORMULA OPERATING AID
Bronx	$ 28,696	$769.56	211,254	$162,572,628
Brooklyn	38,291	625.64	363,799	227,607,206
Manhattan	181,009	360.00	160,382	57,737,520
Queens	71,455	389.54	242,085	94,301,790
Staten Island	60,386	400.61	56,186	22,508,673
BOROUGHS	--	--	1,033,706	$564,727,817
Growth Aid (1% for Staten Island)				225,087
CITYWIDE*	$ 67,613	--	--	$564,952,904

The City School District of New York is unique among all the school districts in the State because its operating aid can be computed for each borough as if it were a separate school district. Using this borough basis computation, operating aid for the City is the sum of the aid generated by each of the five boroughs

*If the flat grant were $432 (36% of the $1,200 foundation amount), Manhattan, Queens, and Staten Island would generate $23,607,748 more aid.

The following accounting provides another view of the component parts of 1975-1976 operating aid.

1975-1976 FORMULA OPERATING AID

All Pupils in Day School	$467,393,232
Pupils with Special Educational Needs	59,464,243
Pupils with Non-Severely Handicapping Conditions	10,591,867
Extra Weighting for Secondary Pupils	23,232,513
Summer Session Pupils	1,971,563
Evening Session Pupils	1,474,399
Growth Aid	225,087
Total Formula Operating Aid	$564,952,904

The formula operating aid is determined by "the" operating aid formula that is supposed to equalize for fiscal ability to support public education and is supposed to recognize educational needs. There is another "formula," a save-harmless formula that saves a district from losing aid.

There are two sets of save-harmless formulas:

- Per pupil save-harmless, which guarantees that this year's aid per pupil cannot be lower than last year's.
- Total save-harmless, which guarantees that this year's total aid cannot be lower than last year's.

After all the computations are completed, a district is permitted to receive the highest amount generated by "the" formula or one of the save-harmless formulas.

For New York City, the 1975-1976 choices are shown below:

	FORMULA OPERATING AID	PER PUPIL SAVE-HARMLESS AID	TOTAL SAVE-HARMLESS AID	1975-1976 HIGHEST AID
Bronx	$162,572,628	$168,133,500	$170,841,335	$170,841,335
Brooklyn	227,607,206	241,163,322	245,706,434	245,706,434
Manhattan	57,737,520	66,455,929	65,895,161	66,455,929
Queens	94,301,790	102,823,648	102,545,749	102,823,648
Staten Island	22,733,760	22,974,208	22,732,336	22,974,208
CITYWIDE	$564,952,904	$6[illegible]1,550,607	$607,721,015	$608,801,554

For 1975-1976, the save-harmless aid is $43.8 million more than the formula operating aid:

1975-1976 TOTAL OPERATING AID

Formula Operating Aid	$564,952,904
Save-Harmless Aid	$608,801,554
Additional Aid Due to Save-Harmless	$ 43,848,650

3. 1976-1977 AID FROM THE AMENDED LAW

The formula parameters for 1976-1977 will remain unchanged. Formula aid will be generated by regular pupils, pupils with special educational needs, and pupils with non-severely handicapping conditions. The extra weighting for secondary pupils will be continued for another year.* The table below lists the components of TAPU.

*In 1975-1976, the extra secondary weights was a one-year provision. In 1976-1977, bill S-9300/A-11991 amends the law continuing the extra secondary weight one more year.

TAPU FOR 1976-1977 AID*

	1975-1976 ADJUSTED ADA	PSEN (PEP)	NON-SEVERELY HANDICAPPED	EXTRA SECONDARY WEIGHT	SUMMER	EVENING	1975-1976 TOTAL AIDABLE PUPIL UNITS (TAPU)
Bronx	73,025	24,699	4,250	6,917	150	300	209,341
Brooklyn	297,850	40,060	6,230	13,715	275	450	358,580
Manhattan	130,990	18,994	4,865	6,014	350	375	161,588
Queens	204,710	17,502	4,490	15,331	125	150	242,308
Staten Island	48,240	3,510	1,440	3,594	25	0	56,809
CITYWIDE	854,815	104,765	21,275	45,571	925	1,275	1,028,626

In 1976-1977, aid per pupil is determined by each borough's 1974-1975 full value per resident weighted average daily attendance (WADA). The total formula operating aid is equal to the aid per pupil multiplied by the total aidable pupil units (TAPU). For 1976-1977, the total formula operating aid will be $524.5 million.

1976-1977 FORMULA OPERATING AID

	1974-1975 FULL VALUE PER RESIDENT WADA	1976-1977 FORMULA AID PER PUPIL	1975-1976 TOTAL AIDABLE PUPIL UNITS (TAPU)	1976-1977 FORMULA OPERATING AID
Bronx	$ 31,482	$727.77	209,341	$152,352,100
Brooklyn	42,905	556.43	358,580	199,524,669
Manhattan	171,366	360.00	161,508	58,171,680
Queens	80,285	380.71	242,308	92,249,079
Staten Island	73,008	387.99	56,809	22,041,324
BOROUGHS	--	--	1,028,626	$524,338,852
Growth Aid (1% for Staten Island)			--	220,413
CITYWIDE**	$ 71,187	--	--	$524,559,265

*Data revised February 25, 1976, for summer school and evening school reductions in 1975-1976. Data revised March 17, 1976, to include extra secondary weight.

**If the flat grant were $432 (36% of the foundation amount), Manhattan, Queens, and Staten Island would generate $26,581,719 more aid.

As in 1975-1976, save-harmless aid can be computed on a per pupil basis and on a total basis. Doing this, New York City will receive $609.2 million in save-harmless aid.* This is $84.7 million more than the formula operating aid New York City will receive in 1976-1977 under the amended law. To put save-harmless aid in a proper perspective, the City's formula operating aid will be increased over 16% by save-harmless aid. With the save-harmless aid provision, there is absolutely no need for "the" state aid formula. (This is discussed in the next section.)

	FORMULA OPERATING AID	PER PUPIL SAVE-HARMLESS AID	TOTAL SAVE-HARMLESS AID	1976-1977 HIGHEST AID
Bronx	$152,352,100	$169,202,967	$170,841,335	$170,841,335
Brooklyn	199,524,664	242,018,380	245,706,434	245,706,434
Manhattan	58,171,680	66,873,937	66,455,929	66,873,937
Queens	92,249,079	102,846,269	102,823,648	102,846,269
Staten Island	22,261,737	22,972,830	22,974,208	22,974,208
CITYWIDE	$524,559,265	$603,914,383	$608,801,554	$609,242,183

The following accounting provides another view of the component parts of 1976-1977 operating aid under the amended law.

1976-1977 OPERATING AID UNDER AMENDED LAW

FORMULA OPERATING AID	
All Pupils In Day School	$435,463,262
Pupils with Special Educational Needs	$ 55,128,648
Pupils with Non-Severely Handicapping Conditions	10,579,075
Extra Weighting for Secondary Pupils	22,061,563
Summer Session Pupils	445,473
Evening Session Pupils	660,831
Growth Aid	220,413
Total Formula Operating Aid	$524,559,265
SAVE-HARMLESS AID	609,242,183
ADDITIONAL AID DUE TO SAVE-HARMLESS	$ 84,682,918

*In 1975-1976, total save-harmless is a one-year provision. For 1976-1977, bill S-9300/A-11991 amends the law continuing total save-harmless one more year.

4. SAVE-HARMLESS: TICKLING A BAD FORMULA TO MAKE IT WORSE

This section is a digression on formula tickling, tickling more money into the pot and around the pot. In 1976-1977 under the amended law, New York City will receive over $84 million in save-harmless aid! Statewide, the amount is over $340 million.

	1976-1977 AMENDED LAW					
	NEW YORK CITY		REST OF STATE*		STATEWIDE*	
OPERATING AID	AID (000,000)	PERCENT OF STATE	AID (000,000)	PERCENT OF STATE	AID (000,000)	PERCENT OF STATE
Formula Operating Aid	$524.5	26.3%	$1,466.6	73.7%	$1,991.1	100.0%
Additional Save-Harmless Aid	$ 84.7	24.9%	$ 255.7	75.1%	$ 340.4	100.0%
Total Operating Aid	$609.2	26.1%	$1,722.3	73.9%	$2,331.5	100.0%

In other words, the formula for operating aid that is supposed to recognize a district's wealth and its pupils' educational needs is totally meaningless since operating aid is completely determined by the save-harmless "formula." One could well wonder why New York State even bothers going through the motions of having a state aid formula.

The New York City situation is not unique; it is the rule. The aid for almost every school district in the state is determined by the save-harmless "formula."** If this practice were stopped and the save-harmless aid were ploughed back into the formula in the form of a higher foundation amount, the State of New York would have a fairer allocation of state educa-

*Based on information received from the State Division of the Budget. Includes operating aid, growth aid, high tax aid, and budget aid.

**Eight districts are receiving aid from the formula, and 697 districts are receiving save-harmless aid [Source: State Education Department].

tion aid, and New York City would receive more state aid. These assertions are based on the fact that New York City will receive relatively more of the formula operating aid (26.3%) than the additional save-harmless aid (24.9%).

Save-harmless guarantees a district cannot receive less aid next year than this year measured against some criterion. The origin of the current uncontrolled save-harmless monster is in the 1974-1975 state aid law where there were at least four ways of being saved harmless, all of them guaranteeing that a district's aid would increase. Again as a one-year temporary provision in 1975-1976, there were four ways of being saved harmless guaranteeing no decrease in aid. In 1976-1977 there are again four ways guaranteeing no decrease, two of which are now a permanent part of the "formula." This inter-year dependence has set up a chain of connections that totally vitiates the state aid formula: aid last year determined aid this year and will determine aid next year.

What does save-harmless really protect against? The answer is two-fold: the year-to-year possibility of dropping the extra weighting for secondary pupils without special educational needs and the devastating combination of increasing real property values and declining enrollments.

The extra secondary weight is a prime example of how the intent of state policy can be undermined by legislation. It is the State of New

York's policy that pupils with special educational needs should receive more state aid than pupils without these needs. In the case of pupils in the elementary grades, this policy is carried out; all pupils are weighted 1.00, and pupils with special educational needs are weighted an additional 0.25. In the case of pupils in the secondary grades, this policy is not carried out; all pupils are weighted 1.25.*

It is no secret that the extra weighting for secondary pupils without special educational needs funnels aid to the suburbs and away from large cities, especially in the New York metropolitan region. This can be clearly seen in the following table comparing aid received by New York City and the rest of the State.

	AID GENERATED BY EXTRA SECONDARY WEIGHT		AID GENERATED BY ALL OTHER AIDABLE PUPIL UNITS	
	AID (000,000)	PERCENT OF STATE	AID (000,000)	PERCENT OF STATE
New York City	$ 22.1	17.0%	$ 502.3	27.3%
Rest of State	$107.6	83.0%	$1,339.5	72.7%
STATEWIDE	$129.7	100.0%	$1,841.8	100.0%

The City receives 17.0% of the aid generated by the extra secondary weight, but 27.3% of the aid generated all the other aidable pupil units (day, summer and evening schools; pupils with special educational needs and non-severely handicapping conditions).

*For an explanation see "Analysis and Critique of the 1974-1975 New York State Education Aid Formula," Working Note No. 3, P. 135ff.

Since 1974-1975, this extra secondary weight has been continued on a one year basis to the benefit of the suburbs and the detriment of the cities. The possibility that this provision will not be renewed is an empty hope as long as the save-harmless formulas exist. If the extra secondary weight were ever discontinued, the aid that would have been generated by it would continue to be allocated in a save-harmless disguise. This means that New York City would receive more aid if the extra secondary weight and save-harmless were stopped and the $470.1 million ($129.7 million for extra secondary weight and $340.4 million for additional save-harmless aid) were ploughed back into the operating aid formula in form of a higher foundation amount.

A consequence of the present foundation plan is that increasing real property values or decreasing enrollments automatically mean less aid per pupil. As a district becomes "wealthier," its aid per pupil decreases, which is exactly the intent of the aid formula. This decrease is certain if the foundation amount or local contribution rate do not change to compensate for the increasing wealth. Since 1974-1975, the foundation amount and the local contribution rate have remained fixed. During this same period, wealth has increased as the table below plainly shows.

		NEW YORK CITY		REST OF STATE*		STATEWIDE AVERAGE	
YEAR OF DATA	YEAR OF AID	FULL VALUE PER RESIDENT WADA	PERCENT INCREASE	FULL VALUE PER RESIDENT WADA	PERCENT INCREASE	FULL VALUE PER RESIDENT WADA	PERCENT INCREASE
1972-1973	1974-1975	$61,324	--	$35,866	--	$43,300	--
1973-1974	1975-1976	$67,613	10.3%	$40,057	11.7%	$47,800	10.4%
1974-1975	1976-1977	$71,187	5.3%	$47,232	17.9%	$53,700	12.3%

*Derived "backward" from known data for New York City and statewide average. The weights each year for New York City are 0.292, 0.281 and 0.270; these are calculated from data in the Annual Educational Summary, 1972-1973 and 1973-1974, New York State Education Department.

Comparing the recent increases across the rest of the state and in New York City, we draw the following conclusion: since the rest of the state as a whole is growing "wealthier" at a rate more than triple New York City's, this can only mean that where New York City's 1976-1977 save-harmless aid will be 16.1% of its pure formula aid, the percentage must be even greater for districts in the rest of the state; and it is, 17.4% (see table at center of p. 19). Therefore, if save-harmless aid were stopped in 1976-1977 and the money ploughed back into the pure formula aid, New York City would receive more aid.

We have asserted several times that New York City would stand to gain if save-harmless aid were stopped and the money ploughed back into the operating aid formula in the form of a higher foundation amount. This would at least preserve the integrity of the formula, which would be a step toward a fairer distribution of state education aid among the State's 705 school districts and 3.2 million pupils.

We can analyze the impact of such a change on New York City, but without the data we can only speculate about the possible impact on the other 704 districts in the State. We might note that the Regents recommended increasing the foundation amount to $1,250 for 1976-1977,* and this is a good starting point for our analysis.

First, new formula parameters have to be established that are consistent with the present formula. They can be mathematically derived and are as follows:

*"Major Recommendations of the Regents for Legislative Action, 1976."

PARAMETER	$1,200 CURRENT OPERATING AID FORMULA	$1,250 ALTERNATIVE (REGENTS' RECOMMENDATION)	$1,300 ALTERNATIVE	$1,325 ALTERNATIVE	$1,350 ALTERNATIVE
Foundation Amount	$ 1,200	$ 1,250	$ 1,300	$ 1,325	$ 1,350
Local Contribution Rate of "Basic Aid Formula"	0.015	0.015	0.015	0.015	0.015
Local Contribution Rate of "Minimum Aid Formula"	0.001	0.001	0.001	0.001	0.001
Flat Grant (30% of Foundation)	$ 360.00	$ 375.00	$ 390.00	$ 397.50	$ 405.00
Full Value Per Resident WADA Where Flat Grant Takes Effect	$101,000	$105,208	$109,416	$111,520	$113,625

Suppose the extra secondary weight were continued, but the save harmless aid were terminated. Without showing all the intermediate calculations, the hypothetical 1976-1977 operating aid generated by each alternative foundation amount is shown below.

ALTERNATIVE	HYPOTHETICAL 1976-1977 FORMULA OPERATING AID WITH EXTRA SECONDARY WEIGHT* ('000,000) NEW YORK CITY	REST OF STATE	STATEWIDE
$1,200 Current Law	$524.3	$1,447.2	$1,971.5
$1,250 Regents' Recommendation	$560.9	$1,548.1	$2,109.0
$1,300 Alternative	$597.5	$1,649.0	$2,246.5
$1,325 Alternative	$615.8	$1,699.4	$2,315.2

*Operating aid; exlcudes growth, high tax and budget aid. The hypothetical allocations assume that New York City's share of the total formula aid will remain the same as its present actual share. This assumption rule used to derive the parameters of the hypothetical alternatives.

A foundation amount of about $1,324 would enable the operating aid formula to allocate $2,311.9 million* statewide. Save-harmless aid would be eliminated, and New York City's aid would be $614.9 million, a gain of $6.9 million.

Suppose the extra secondary weight were stopped and save-harmless aid were terminated. Under this hypothetical situation, New York City would gain considerably more.

ALTERNATIVE	HYPOTHETICAL 1976-1977 FORMULA OPERATING AID WITHOUT EXTRA SECONDARY WEIGHT* (000,000) NEW YORK CITY	REST OF STATE	STATEWIDE
$1,200 Current Law	$502.3	$1,339.5	$1,841.8
$1,250 Regents' Recommendation	$537.4	$1,433.1	$1,970.5
$1,300 Alternative	$572.4	$1,526.7	$2,099.1
$1,350 Alternative	$607.5	$1,620.3	$2,227.8
$1,380 Alternative	$628.6	$1,676.3	$2,304.9

A foundation amount of about $1,383 would enable the operating aid formula to allocate $2,311.9 million* statewide. New York City's aid would be about $630.5 million, a gain of $21.5 million.

These hypothetical simulations demonstrate that the distribution of operating aid between New York City and the rest of the state is radically distorted by the extra secondary weight and save-harmless aid. Eliminating these unfair and discriminatory provisions would preserve the integrity of the operating aid formula, and New York City would receive more state aid.

*Operating aid; excludes growth, high tax and budget aid. The hypothetical allocations assume that New York City's share of the total formula aid will remain the same as its present actual share. This assumption is consistent with the proportional relationship rule used to derive the parameters of the hypothetical alternatives.

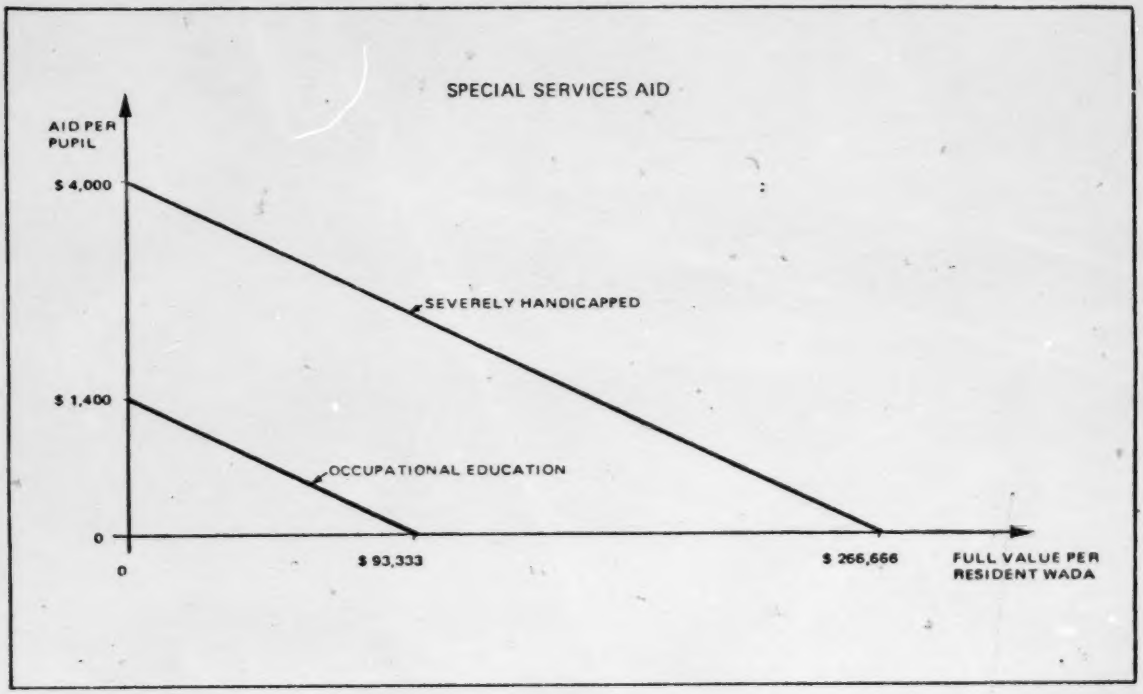
CHAPTER III
SPECIAL SERVICES AID

Special services aid is for the "Big 5" cities (New York, Buffalo, Rochester, Syracuse, Yonkers) because they are prohibited from being members of boards of cooperative educational services (BOCES). In effect, this is "Big 5" BOCES aid generated by pupils in occupational education programs and pupils with severely handicapping conditions. In New York City, occupational education pupils are "normal" grades 10-12 pupils enrolled in approved occupational programs: health, trades, and technical; not distributive or commercial. These pupils also generate regular operating aid. The intent of their special services aid is to give them more than a double weighting in recognition of the higher costs of their educational program. Severely handicapped pupils are mainly in the special schools and centers operated by the Division of Special Education and Pupil Personnel Services. They do not generate regular operating aid.

I. THE CURRENT LAW

Special services aid is computed from two formulas: one for occupational education and one for the severely handicapped. Both are "foundation plan" formulas similar to the operating aid formula. The three formulas differ in their foundation amounts.

	FOUNDATION AMOUNT
Operating Aid	$1,200
Occupational Education Aid	$1,400
Severely Handicapped Aid	$4,000



The local contribution rates for the three formulas are the same: 0.015 multiplied by the full value per resident WADA. A borough basis computation is not permitted for special services aid, and there is no guaranteed, minimum flat grant for special services aid as there is for operating aid. The amendments add a save-harmless "formula" for the first time in 1976-1977.

For 1975-1976, New York City received $42.7 million in special services aid; for 1976-1977, the City will receive $44.8 million from the "pure" special services aid formulas, a $2.1 million increase:

OCCUPATIONAL EDUCATION	1975-1976	1976-1977	CHANGE
Foundation Amount	$ 1,400.00	$ 1,400.00	$ 0
Less: Local Contribution			
Citywide Full Value Per Resident WADA	67,613	71,187	3,574
Local Contribution Rate	X 0.015	X 0.015	0
Local Contribution Amount	$- 1,014.19	- 1,067.80	$ 53.61
State Aid Per Occupational Education Pupil	$ 385.81	$ 332.20	$- 53.61
Occupational Education ADA	X 29,100	X 29,450	350
Occupational Education Special Services Aid	$11,227,071	$ 9,783,290	$ 1,443,781
SEVERELY HANDICAPPED			
Foundation Amount	$ 4,000.00	$ 4,000.00	$ 0
Less: Local Contribution	- 1,014.19	- 1,067.80	53.61
State Aid Per Severely Handicapped Pupil	$ 2,985.81	$ 2,932.20	$- 53.61
Severly Handicapped ADA Including Pupils Receiving Contract Services	X 10,545	X 11,950	1,405
Severely Handicapped Special Services Aid	$31,485,366	$ 35,039,790	$3,554,424
TOTAL SPECIAL SERVICES AID	$42,712,437	$ 44,823,080	$2,110,643

The new save-harmless provision guarantees that the aid per pupil in 1976-1977 cannot be lower than in 1975-1976. In effect, the provision "saves" a district from the loss of aid due to its increasing wealth per pupil (full value of real property per resident WADA). New York City is a district whose wealth per pupil increased $3,574, which means its special services aid per pupil decreased $53.61:

	1975-1976	1976-1977	CHANGE
Full Value Per Resident WADA	$ 67,613	$ 71,187	$ 3,574
Occupational Education Aid Per Pupil	$ 385.81	$ 332.20	$-53.61
Severely Handicapped Aid Per Pupil	$2,985.81	$2,932.20	$-53.61

Under the special services save-harmless formula, New York City is permitted to use its 1975-1976 aid per pupil to compute its 1976-1977 aid. Doing this, the City's aid will be $47.0 million, a $2.2 million increase over the special services "pure" formula amount and a $4.3 million increase over the 1975-1976 amount.

	1976-1977 SPECIAL SERVICES AID		
	OCCUPATIONAL EDUCATION	SEVERELY HANDICAPPED	TOTAL
Save-Harmless Aid Per Pupil	$ 385.81	$ 2,985.81	--
Average Daily Attendance (ADA)	29,450	11,950	--
Save-Harmless Aid	$ 11,362,104	$35,680,430	$47,042,543
Pure Formula Aid	9,783,290	35,039,790	44,823,080
Increase Due to Save-Harmless	$ 1,578,814	$ 640,640	$ 2,219,454
Increase Over 1975-1976 Amount	$ 135,033	$ 4,195,064	$ 4,330,097

2. AN EQUITABLE ALTERNATIVE

We have noted that there is no flat grant or borough basis computation for special services aid. One consequence of this restriction is that the special services aid generated by occupational education pupils does not give them the intended extra weight of at least 1.17 ($1,400/$1,200 = 1.17).

Suppose New York City were given a choice between a citywide or borough basis computation for its special services aid. What would the impact be on New York City? Without going through the mathematical derivations, the critical parameters for the hypothetical special services aid formula are patterned after those for the operating aid formula:

PARAMETER	PRESENT OPERATING AID FORMULA	HYPOTHETICAL SPECIAL SERVICES AID FORMULAS	
		OCCUPATIONAL EDUCATION	SEVERELY HANDICAPPED
Foundation Amount	$ 1,200	$ 1,400	$ 4,000
Local Contribution Rate of "Basic Aid Formula"	0.015	0.015	0.015
Local Contribution Rate of "Minimum Aid Formula"	0.001	0.001	0.001
Flat Grant (30% of Foundation*)	$ 360	$ 420	$ 1,200
Full Value Per Resident WADA Where Flat Grant Takes Effect	$101,000	$117,833	$336,666

*In the present BOCES aid formula, a direct descendent of the old Diefendorf aid ratio formula for operating aid, the minimum aid ratio is 0.360, or 36.0%, for "flat grant" districts.

The following table lists the city's aid per pupil for occupational education from the operating aid formula, the actual special services aid formula, and a hypothetical special services aid formula that includes a flat grant and permits a borough basis computation. The extra weight is equal to the ratio of the special services aid per pupil to the operating aid per pupil. The actual extra weights are consistently less than unity while the intended extra weights are at least 1.17. The only conclusion we can draw from this comparison is that the intent of special services aid generated by occupational education pupils is not carried out.

	ACTUAL 1976-1977			HYPOTHETICAL 1976-1977	
	OPERATING AID PER PUPIL	SPECIAL SERVICES AID PER PUPIL	EXTRA WEIGHT	SPECIAL SERVICES AID PER PUPIL	INTENDED EXTRA WEIGHT
Bronx	$727.77	$332.20	0.46	$927.77	1.27
Brooklyn	556.43	332.20	0.60	756.43	1.36
Manhattan	360.00	332.20	0.92	420.00	1.17
Queens	380.71	332.20	0.87	457.54	1.20
Staten Island	387.99	332.20	0.86	464.82	1.20

Applying these hypothetical special services aid formulas to the New York City data yields the following results:

	OCCUPATIONAL EDUCATION	SEVERELY HANDICAPPED
Actual Citywide 1976-1977	$ 9,783,290	$35,039,790
Hypothetical Borough Basis 1976-1977*	18,725,087	$32,124,384
Difference	$ 8,941,797	$-2,915,406

*At a 36.0% flat grant, New York City would receive $1,136,100 more for occupational education aid and $35,928 more for severely handicapped aid computed on a borough basis.

If New York City were permitted to select the more favorable of a city-wide or a borough basis computation and a flat grant system were instituted for each special services aid, its aid would increase $8.9 million.*

	HYPOTHETICAL 1976-1977 SPECIAL SERVICES AID
Occupational Education Aid (Borough Basis)	$18,725,087
Severely Handicapped Aid (Citywide)	35,039,790
Hypothetical 1976-1977 Special Services Aid	$53,764,877
Hypothetical 1976-1977 Increase Over Current Law ($44,823,080)	$ 8,941,797

A lesson from this exercise is that a borough basis computation does not necessarily mean more aid for New York City. The results depend on the aid per pupil for each borough and on how the pupils are distributed among the boroughs.

*Occupational education pupils generate $14.6 million from the operating aid formula. If they were given a double weighting in the operating aid formula, they would generate $3.8 million more than they generate from the special services aid formula. In other words, if New York City were given the choice of using the present special services occupational education aid formula or a double weighting for these pupils in the operating aid formula, the latter choice would generate $3.8 million more state aid.

CHAPTER IV
TRANSPORTATION AID

Transportation aid is allocated to cover a specified percent of approved transportation expenses.* The formula for computing transportation aid is simplicity itself:

1976-1977 DISTRICT TRANSPORTATION AID = TRANSPORTATION AID RATE X 1975-1976 DISTRICT APPROVED TRANSPORTATION EXPENSES

Under the current law, which has remained unchanged since 1962, the transportation aid rate is 90%;** state aid equals ninety percent of approved transportation expenses. For 1976-1977, New York City will receive $99.0 million in transportation aid, an increase of $17.4 million.

	1975-1976	1976-1977 CURRENT LAW	CHANGE
Approved Transportation Expenses for Previous Year	$90,700,000	$110,000,000	$19,300,000
Transportation Aid Rate	X 0.90	X 0.90	0
Transportation Aid	$81,630,000	$99,000,000	$17,370,000

*Approved transportation expenses are for all handicapped pupils and all pupils living beyond specified distances from school.

**When the present formula was instituted in 1962, the transportation aid rate was phased in over three years: 30% the first year, 60% the second year and 90% the third and following years.

The large 1976-1977 rise in tranportation aid is due entirely to 1975-1976 cost increases; $4.0 million of the total aid increase is due to higher costs for contract buses, and $13.4 million is due to the 15¢ fare increase for public transit.

	(MILLIONS OF DOLLARS)		
	FARE AND 35¢ CONTRACT BUSES	15¢ INCREASE	TOTAL
1975-1976 AID	$81.6	$ --	$ 81.6
1976-1977 CURRENT LAW			
Increase	4.0	13.4	17.4
	$85.6	$13.4	$ 99.0

Without the 15¢ fare increase, New York City's proposed transportation aid would rise $4.0 million. With the $13.4 million aid increase due to the higher fare, New York City's aid goes up $17.4 million.

CHAPTER V
BUILDING AID

Building aid is allocated in proportion to a school district's approved debt service for school construction and approved capital expenditures for building modernizations and alterations. The proportional factor is called the "aid ratio" and is defined as follows:*

$$\text{DISTRICT AID RATIO} = 1 - \left[\frac{\text{DISTRICT FULL VALUE PER RESIDENT WADA}}{\text{STATE AVERAGE FULL VALUE PER RESIDENT WADA}} \times 0.51 \right]$$

A district's building aid is equal to its aid ratio multiplied by its approved building expenses:

$$\text{DISTRICT BUILDING AID} = \text{DISTRICT AID RATIO} \times \text{APPROVED BUILDING EXPENSES}$$

The aid ratio of a district of "average wealth" would be equal to 0.490, and its building aid would be 49.0% of its approved building expenses. A district "poorer" than average would have more than 49.0% of its building expenses aided; a district "richer" than average would have less than 49.0% of its building expenses aided. Districts that are more than about twice as "rich" as average, have their aid ratio's set equal to zero instead of being negative.

*The rules of aid ratio arithmetic require each computation step to be carried out to three decimal places without rounding. Thus, the full value per resident WADA ratio is computed to three decimal places without rounding. This ratio is then multiplied by 0.51, and the result is carried to three decimal places without rounding.

I. THE CURRENT LAW

Under the current law, which has remained unchanged since 1962, building aid for New York City is computed citywide. No borough basis computation is permitted even though the building aid depends on wealth per pupil (full value per resident WADA). There is no minimum aid ratio for building aid as there is for BOCES aid. For 1976-1977, New York City will receive $39,325,000 in building aid, a $3.7 million increase:

	1975-1976	1976-1977 CURRENT LAW	CHANGE
New York City Full Value Per Resident WADA	$ 67,613	$ 71,187	$ 3,574
New York State Average Full Value Per Resident WADA	$ 47,800	$ 53,700	$ 5,900
New York City Aid Ratio	0.279	0.325	0.046
New York City Approved Building Expenses	$ 127,660,633	$121,000,000	$-6,660,633
New York City Building Aid	$ 35,617,317	$ 39,325,000	$ 3,707,683

The 1976-1977 building aid increase is due entirely to the increase in New York City's aid ratio, which in turn is due to the relative decrease of the City's full value per resident WADA. Put another way, the City's full value per resident WADA increased relatively less than the State as a whole driving the aid ratio up. Overall, the aid ratio increase was more than enough to offset the drop in approved building expenses. If

expense had remained the same, building aid would have increased $5.9 million; the $6.7 million drop in approved building expenses "cost" the City $2.2 million in building aid.

2. A FAIR AND SIMPLE ALTERNATIVE

We have noted that New York City is not permitted to compute building aid on a borough basis even though the City has been permitted to compute its operating aid on a borough basis since 1968-1969. What would be the consequences of extending the borough basis computation to building aid?*

Suppose the borough basis computation were kept simple by just applying each borough's aid ratio to its share of the citywide approved building expenses, where the share is based on the borough's 1975-1976 aidable pupil units (TAPU) without the extra weighting for secondary pupils. The consequences of this alternative borough basis computation are shown below.

	1975-1976 AIDABLE PUPIL UNITS**		1975-1976 APPROVED BUILDING EXPENSES	AID RATIO	ALTERNATIVE SIMPLIFIED 1976-1977 BUILDING AID
	NUMBER OF UNITS	PERCENT OF TOTAL			
Bronx	202,424	20.59%	$ 24,913,900	0.702	$17,489,558
Brooklyn	344,865	35.08	42,446,800	0.594	25,213,399
Manhattan	155,574	15.83	19,154,300	0Δ	0
Queens	226,977	23.09	27,938,900	0.238	6,649,458
Staten Island	53,215	5.41	6,546,100	0.307	2,009,653
CITYWIDE	983,055	100.00%	$121,000,000	N.A.	$51,362,068

*Governor Carey's now defunct 1976-1977 state aid proposals (S-7810/A-9910) included a borough basis computation for New York City's building aid. This is a long overdue, logical and fair extension of a practice that has yet to be permitted.

**Data revised on February 25, 1976, for summer and evening school enrollment reductions in 1975-1976. Excludes growth index for Staten Island.

ΔComputed aid ratio for Manhattan is -0.672. The law permits an aid ratio of zero to be used.

Even with Manhattan generating no aid, this fairer alternative generates $51.4 million in building aid to New York City, $12.3 million more than the current law.

The equity of the borough basis computation for building aid can be further promoted by placing a floor on the aid ratio. This floor concept was an integral part of the old Diefendorf "aid ratio" operating aid formula and is continued today in the successor "foundation plan" operating aid formula in the form of the flat grant, guaranteed minimum aid per pupil. In fact, this link between the two formulas is more than coincidence; they are mathematically identical. Under the current operating aid formula, the ratio of aid per pupil to the foundation amount is equal to the old aid ratio. This relationship provides the basis for setting an aid ratio floor that is consistent with the flat grant floor. The flat grant is 30.0% of the foundation amount ($360/$1,200 = 0.3) so the aid ratio guaranteed minimum should be the same, 0.300.*

Adding this additional criteria for an equitable building aid formula to the borough basis computation would yield $58.8 million in 1976-1977 building aid for New York City, an increase of $7.4 million over the simplified proposal and $19.5 million more than provided by the present law.

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*In the present BOCES aid formula, a direct descendant of the old Diefendorf formula, the minimum aid ratio is 0.360 for "flat grant" districts.

	1975-1976 APPROVED DEBT SERVICE*	AID RATIO	ALTERNATIVE EQUITABLE 1976-1977 BUILDING AID
Bronx	$ 24,913,900	0.702	$17,489,558
Brooklyn	42,446,800	0.594	25,213,399
Manhattan	19,154,300	0.300**	5,746,290
Queens	27,938,900	0.300**	8,381,670
Staten Island	6,546,100	0.307	2,009,653
CITYWIDE	$121,000,000	N.A.	$58,840,570

The building aid possibilities for New York City are summarized below:

CURRENT LAW

1975-1976 Aid	$35,617,317
1976-1977 Increase	3,707,683
1976-1977 Aid	$39,325,000

EQUITABLE ALTERNATIVE

1976-1977 Aid	$58,840,570
1976-1977 Increase Over Current Law	$19,515,570
Net Change from 1975-1976	$23,223,253

The current law for 1976-1977 will increase New York City's building aid $3.7 million over the 1975-1976 amount. A long overdue, equitable alternative would generate an additional $19.5 million in 1976-1977 building aid for New York City.

*Apportioned among boroughs on the basis of 1975-1976 aidable pupil units without extra secondary weighting.

**Minimum "flat grant" aid ratio. With a minimum of 0.360, aid generated by Manhattan, Queens and Staten Island would increase another $3,172,535, bringing the total to $62,026,605.